

The Grand Union Company

Report to Stockholders

Fiscal Year Ended

March 2, 1946

The Grand Union Company

50 Church Street

New York, N. Y.

OFFICERS

J. SPENCER WEED	-	-	-	-	-	-	-	-	President
LANSING P. SHIELD	-	-	-	-	-	-	-	-	Vice-President
LOUIS C. WADMOND	-	-	-	-	-	-	-	-	Vice-President
THOMAS C. BUTLER	-	-	-	-	-	-	-	-	Treasurer
HENRY N. BURKE	-	-	-	-	-	-	-	-	Secretary

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DIRECTORS

PEMBERTON BERMAN

HENRY A. COLGATE

JACOB L. HAIN

GEORGE C. MAY

RAY MORRIS

LANSING P. SHIELD

J. SPENCER WEED

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Proxies for the annual meeting of stockholders to be held May 22nd, 1946 will be requested later and the mailing to stockholders of the notice of meeting, proxy statement and proxy will be commenced on or about April 29, 1946.

This annual report is not sent to you in connection with the solicitation of proxies for the annual meeting and is not to be deemed to be incorporated in the proxy soliciting material by reference.

April 25, 1946

TO THE STOCKHOLDERS:

There is submitted herewith consolidated balance sheet of the Company as of March 2nd, 1946, and summaries of the consolidated net income and earned surplus accounts for the 52 weeks then ended, as audited by Messrs. Lybrand, Ross Brothers and Montgomery, Certified Public Accountants.

Total sales for the 1945 fiscal year were \$55,402,090. compared with \$50,130,957. the year before (53 weeks).

Net income after depreciation, federal income and excess profits taxes and provision for contingencies was \$771,412., or \$3.46 per share on 222,738 shares of Capital Stock outstanding, as against \$505,842., or \$2.27 a share a year ago. Federal taxes on income were \$870,000. compared with \$445,000. in the previous year.

Dividends amounting to \$1.40 per share were declared during the fiscal year compared with \$1.00 the preceding year.

At the close of the year we were operating 319 stores, in 163 of which there were meat departments, and in the route division there were 792 salesmen operating house to house sales routes.

I wish it were feasible to mention by name every one of the many men in all departments who, by their tireless, enthusiastic efforts, have been responsible for the improvement in sales and earnings during the past year. In addition, it is due to their efforts that we have made many new friends and customers who will remain convinced of the excellence of our products and service when the days of ample supplies and increased competition return.

Procurement of supplies continues to be our most difficult task. Our departments whose particular problem that is, however, have in my judgment kept us supplied well above the average of our competitors and there is every reason to believe they will function just as efficiently in the difficult times ahead.

Building restrictions will slow down the opening of new and larger units which we had contemplated in our postwar planning. These, however, we trust will be only temporary and the plan of consolidating our development into a smaller geographic area, reference to which was made in last year's letter to the Stockholders, we hope to resume before very long. Substantial progress, nevertheless, has been made in the last year in the renovation and enlargement of existing stores, resulting in improved service to the public and gratifying increases in sales in each case.

The Employees Retirement Plan, approved by the Stockholders at the last annual meeting, was enthusiastically received by all branches of the Company's personnel, as is evidenced by the fact that over 98% of all eligible employees joined the Plan. We believe this will be a great help in building a still stronger organization.

Upwards of 400 of our service men, whose return we gratefully welcome, have been a great help in rebuilding our personnel.

J. SPENCER WEED,
President.

THE GRAND UNION
AND ITS S
CONSOLIDATED
March

A S S E T S

Current assets:

Demand deposits in banks and cash on hand	-	-	-	-	-	\$2,289,071.25
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United States Government obligations, at cost (at market quotations, \$356,700)	-	-	-	-	-	350,000.00
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Accounts receivable:

Trade	-	-	-	-	-	-	-	-	-	\$ 384,895.31
Miscellaneous	-	-	-	-	-	-	-	-	-	318,469.06
										703,364.37
Less, Allowance for losses	-	-	-	-	-	-	-	-	-	113,419.35
										589,945.02

Inventories at the lower of cost or market:

Merchandise	-	-	-	-	-	-	-	-	-	4,998,863.86
Premiums	-	-	-	-	-	-	-	-	-	438,611.68
										5,437,475.54
<small>Costs of inventories at warehouses are determined on the basis of "first-in—first-out". The "retail method" of accounting is used with respect to inventories at retail outlets.</small>										
Total current assets	-	-	-	-	-	-	-	-	-	8,666,491.81

Real estate (\$59,616.02), mortgages and miscellaneous investments at costs or written-down amounts, less allowances for depreciation of improvements, \$11,620.65, and for losses, \$26,721.05	-	-	-	-	-	-	-	-	-	149,053.60
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Machinery, fixtures and equipment (\$2,571,046.89 at costs and \$405,487.26 at written-down amounts at December 31, 1932 as approved by Board of Directors)	-	-	-	-	-	-	-	-	-	2,976,534.15
Less, Allowance for depreciation	-	-	-	-	-	-	-	-	-	1,784,141.06
										1,192,393.09

Premium merchandise advanced to customers, at cost less cost of profit-sharing credits	-	-	-	-	-	-	-	-	-	444,745.32
Less, Allowance for losses	-	-	-	-	-	-	-	-	-	156,938.74
										287,806.58

Expense supplies, prepaid and deferred charges, etc.	-	-	-	-	-	-	-	-	-	363,987.34
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Good will	-	-	-	-	-	-	-	-	-	1.00
										\$10,659,733.42

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SUBSIDIARY

BALANCE SHEET

2, 1946

LIABILITIES

Current liabilities:

Bankers acceptances against coffee received under trust receipts - -	\$ 98,473.49
Accounts payable and accrued liabilities - - - - -	1,900,739.90
Provision for federal taxes on income - - - - -	\$ 890,393.46
Less, United States Treasury Savings Notes, Tax Series C, at cost	180,000.00
Dividend payable, March 11, 1946 - - - - -	710,393.46
Amount payable upon surrender of unexchanged certificates for old preference stock, coupons representing distributions on dividend arrearage certificates and scrip for fractional shares of capital stock	77,877.45
	14,569.03
Total current liabilities - - - - -	2,802,053.33

Employees' fidelity deposits - - - - -	152,160.52
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Reserves:

Contingencies - - - - -	300,000.00
Unredeemed premium tickets - - - - -	31,556.54
Self-insurance, fire - - - - -	33,797.44
	365,353.98
	3,319,567.83

No provision has been made or is believed to be required for renegotiation refunds to the United States Government.

The company is contingently liable under letters of credit in the approximate amount of \$62,000.

CAPITAL

Capital stock, no par value, authorized 400,000 shares, issued 222,738-12/15 shares - - - - -	4,322,248.00
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Note: The 222,738-12/15 shares shown above include 824 shares of capital stock represented by unexchanged certificates for an equal number of shares of old preference stock and 204-8/15 shares of capital stock represented by unexchanged certificates for 3,068 shares of old common stock.

Capital surplus, March 3, 1945 and March 2, 1946 - - - - -	497,241.95
Earned surplus since December 8, 1939, as annexed - - - - -	2,523,075.02
	7,342,564.97
Less, Treasury stock, 231-4/15 shares, at cost - - - - -	2,399.38
	7,340,165.59
	\$10,659,733.42

for the fifty-two weeks ended March 2, 1946

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for the fifty-two weeks ended March 2, 1946

Earned surplus since December 8, 1939:							
Balance, March 3, 1945	-	-	-	-	-	-	\$2,063,183.18
Net income for the year	-	-	-	-	-	-	<u>771,411.79</u>
							2,834,594.97
Cash dividends declared at \$1.40 per share	-	-	-	-	-	-	<u>311,519.95</u>
Balance, March 2, 1946	-	-	-	-	-	-	\$2,523,075.02

AUDITOR'S REPORT

THE GRAND UNION COMPANY,
New York, N. Y.

We have examined the consolidated balance sheet of THE GRAND UNION COMPANY and its subsidiary as of March 2, 1946 and the consolidated statements of income and surplus for the fifty-two weeks then ended, have reviewed the systems of internal control and the accounting procedures of the companies and, without making detailed audits of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of income and earned surplus present fairly the consolidated position of The Grand Union Company and its subsidiary at March 2, 1946 and the consolidated results of their operations for the fifty-two weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the fifty-three weeks ended March 3, 1945.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, April 15, 1946.

